

Message Text

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SUBJECT: PRC: VEGETABLE OIL

1. THE NEW CHINA NEWS AGENCY (NCNA), DOMESTIC SERVICE, REPORTED ON AUG 26 1978, THAT THE AVERAGE PER CAPITA CONSUMPTION OF EDIBLE VEGETABLE OIL WAS ONLY ABOUT 2 KILOGRAMS PER YEAR (ABOUT 5.9 OUNCES PER MONTH). OVER 90 PERCENT OF CHINA'S EDIBLE VEGETABLE OIL REPORTEDLY IS PRODUCED FROM RAPESEED, PEANUTS, SOYBEANS, SESAME, AND COTTON SEED. ACCORDING TO NCNA, THE REASON FOR SHORTAGE OF VEGETABLE OIL IS THAT CHINA RELIES ON OIL-BEARING FIELD CROPS AND HAS LARGELY IGNORED OIL-BEARING TREES AS A POTENTIAL SOURCE. OILSEEDS ARE CURRENTLY PLANTED ON 5.67 MILLION HECTARES -- 5.8 PERCENT OF CHINA'S FARMLAND FOR AGRICULTURAL PLANTING -- AND THE NCNA ARTICLE BLUNTLY STATED THERE IS LITTLE HOPE FOR ALLOCATING MORE FARMLAND TO OILSEEDS UNTIL THE GRAIN PROBLEM IS FULLY SOLVED. THE ARTICLE CONCLUDED THAT (A) EXISTING GROVES OF OIL-BEARING TREES SHOULD BE IMPROVED TO INCREASE YIELD WITHIN 2 OR 3 YEARS, AND (B) MORE OIL-BEARING

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TREES SHOULD BE PLANTED ON HILLSIDES SO THAT CHINA'S ACREAGE OF OIL-BEARING TREES WILL REACH 10 MILLION HECTARES BY THE YEAR 2000.

2. COMMENT: CHINA'S OUTTURN OF OILSEEDS HAS LAGGED FOR YEARS; HOWEVER, THIS IS THE FIRST OVERALL OFFICIAL ASSESSMENT OF JUST HOW TIGHT SUPPLIES REALLY ARE. CLEARLY NO SIGNIFICANT IMPROVEMENT IS EXPECTED IN THE NEAR TERM IF THE ACREAGE OF OILSEEDS

IS NOT INCREASED AND IF 2 OR 3 YEARS IS REQUIRED TO INCREASE THE YIELD OF EXISTING GROVES OF OIL-BEARING TREES. FURTHERMORE, NEW PLANTING WILL PROBABLY REQUIRE 8 TO 10 YEARS BEFORE THEY BEGIN TO PRODUCE.

3. ASSUMING A POPULATION OF 850 MILLION, 1/ AN AVERAGE PER CAPITA INTAKE OF 2 KILOGRAMS PER YEAR WOULD IMPLY THAT CHINA'S OUTPUT OF RAPESEED, PEANUT, SOYBEAN, SESAME AND COTTONSEED OIL NOW TOTAL ABOUT 1.7 MMT. ANNUALLY AND THAT THE OUTPUT OF ALL VEGETABLE OIL IS LESS THAN 1.9 MMT PER YEAR.

4. THE CURRENT ACREAGE OF OILSEED FIELD CROPS -- 5.67 MILLION HECTARES -- IS ABOUT 9 PERCENT BELOW THE 6.22 MILLION HECTARES PLANTED IN 1957 (EXCLUDING SOYBEANS AND COTTON). AS SHOWN IN THE FOLLOWING TABLE, THE ACREAGE OF RAPEWSSSED HAS INCREASED SINCE 1957, WHILE THE ACREAGE OF PEANUTS AND SESAME HAVE DECLINED.

PRC: ACREAGE OF OILSEED CROPS (MILLION HECTARES)

CROP	1957	CURRENT (ESTIMATED)
RAPESEED	2.50	3.10
PEANUTS	2.68	2.00
SESAME	.94	.40
OTHER	.10	.17
TOTAL	6.22	5.67

5. THE ARTICLE SEEMINGLY IMPLIES THAT CHINA'S TRADE IN VEGETABLE OILS OVER AT LEAST THE NEXT 3 YEARS WILL LARGELY CONFORM TO PAST UNCLASSIFIED

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PATTERNS. COCONUT AND PALM OIL WILL BE REGULARLY IMPORTED FOR INDUSTRIAL USE. SOYBEAN OIL WILL LIKELY BE IMPORTED TO SUPPLEMENT THE DOMESTIC VEGETABLE OIL RATION FOLLOWING SHORT CROPS OF OILSEEDS IN CHINA. LITTLE OR NOT SOYBEAN OIL WILL BE IMPORTED FOLLOWING NORMAL OR ABOVE NORMAL OUTTURN OF OILSEEDS IN CHINA.

1/ 850 MILLION IS USED AS A WORKING FIGURE BECAUSE THIS SEEMS TO BE THE POPULATION FIGURE CURRENTLY BEING USED BY THE CHINESE IN THEIR CALCULATIONS. FOR EXAMPLE, LI HSIEN-NIEN RECENTLY STATED THAT THERE WAS 1.9 MOU OF FARMLAND PER CAPITA IN CHINA. ASSUMING A POPULATION OF 850 MILLION, CHINA'S CULTIVATED ARE WOULD TOTAL 1.61 BILLION MOU, A FIGURE CLOSE TO THE 1.6 BILLION MOU OF CULTIVATED LAND OFFICIALLY QUOTED IN THE CHINESE PRESS.

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